

Message Text

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42

ACTION ARA-20

INFO OCT-01 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-03 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 COME-00

DRC-01 /098 W

----- 096591

R 291430Z AUG 74

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 5326

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

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E.O.11652: N/A

TAGS: EFIN, ETRD, BR

SUBJECT: TRADE FIGURES FOR JULY

REF: BRASILIA 5585

1. PRELIMINARY TRADE FIGURES FOR JULY SHOW EXPORTS AMOUNTING TO \$643 MILLION AND IMPORTS \$1,100 MILLION, LEAVING A TRADE DEFICIT OF \$457 MILLION. THE CUMULATIVE TRADE DEFICIT FURING JAN/JULY WAS THUS INCREASED TO \$2,945 MILLION. TOTAL EXPORTS DURING THE FIRST SEVEN MONTHS TOTALED \$3,719 MILLION AND IMPORTS \$6.664 MILLION. IN PERCENTAGE TERMS, THE VALUE OF EXPORTS IN JAN/JULY PERIOD WAS UP 19.1 PERCENT AND IMPORTS 121 PERCENT OVER THE SAME TIME LAST YEAR.

2. COMMENT: THE SURPRISING FEATURE OF THE JULY TRADE FIGURES WAS THE IMPORT TOTAL WHICH, AT \$1.1 BILLION, WAS ABOVE THE \$927 MILLION MONTHLY AVERAGE FOR THE FIRST HALF OF YEAR. SINCE THE AUTHORITIES HAD INTRODUCED MEASURES IN LATE JUNE TO LIMIT CERTAIN NON-ESSENTIAL IMPORTS (SEE BRASILIA 4685), THERE WAS SOME EXPECTATION THAT THE TRADE FIGURES IN JULY WOULD SHOW SOME DECELERATION IN THE GROWTH OF TOTAL IMPORTS. WHEN QUERIED ON THIS BY THE PRESS,

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A SPOKESMAN FOR THE MINISTRY OF FINANCE REPORTEDLY SACF THAT

BECAUSE OF THE "GRADUAL" NATURE OF THE JUNE MEASURES THE
IMPACT WILL ONLY BE FELT IN AUGUST. HOWEVER, THE AUTHORITIES
MAY BE TOO OPTIMISTIC ABOUT THE LIKELY IMPACT OF THESE
MEASURES. AS WE STATED AT THE TIME THE ACTIONS WERE
ANNOUNCED, BECAUSE OF THEIR VERY SUPERFICIAL NATURE, THEY
COULD ONLY BE EXPECTED TO HAVE A MINIMAL IMPACT ON IMPORTS,
AND THAT TO MAKE A REAL DENT IN THE TRADE DEFICIT THE AUTHORITIES
WOULD NEED TO TAKE MORE EFFECTIVE STEPS.
CRIMMINS

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